



January 5, 2018

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FILED ELECTRONICALLY

The Honorable Jocelyn G. Boyd
Clerk

South Carolina Public Service Commission

Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Daufuskie Island Utility Company, Inc. for Approval of Water and
Sewer Rates, Terms and Conditions
Docket No. 2014-346-WS

Dear Ms. Boyd:

As you are aware, this firm represents Haig Point Club and Community Association, Inc., Melrose Property Owner's Association, Inc., and Bloody Point Property Owner's Association (the "POAs") in the above-referenced Docket.

On Friday, December 22, 2017, Daufuskie Island Utility Company, ("DIUC") sent via e-mail a letter from Thomas Gressette to the Commission, the South Carolina Office of Regulatory Staff ("ORS"), and the POAs in this Docket. DIUC's letter attached several documents, including a document setting forth purported "Proposed Rates" DIUC contended "demonstrate[]" the rates to be implemented pursuant to the [Commission's December 20, 2017] Directive." DIUC's letter also outlined an arrangement through which DIUC would bill and credit amounts to its customers for 4th quarter, 2017 service and asserted that arrangement also satisfies the "[December 22, 2017] Directive's instructions regarding refunds."

According to the Directive, the Commission was to issue "a full written Order at a subsequent time, explaining all adjustments and rate matters, and that the Company design and file rates that produce the revenue increase granted in this Commission's Order." In addition, the Commission's Directive required that "the Company should file a schedule with the Commission demonstrating that the rate design produces the revenue *granted in the Order*. These documents should be shared with other parties in this case, who should verify that said rates are consistent with the provisions of this Order." [emphasis added]

Because the Commission has not yet issued its Order, DIUC's December 22, 2017 letter is premature and procedurally improper. The POAs cannot evaluate DIUC's proposed rate design or the rates it produces to ensure compliance with all Commission requirements until the Commission issues its Order. On or about December 27, 2017, the POA's through their counsel,

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informed DIUC of their position and requested that DIUC delay its 4th quarter billing to provide time for DIUC, the POAs, and ORS to attempt to reach an agreement on how DIUC would proceed.

In spite of the POA's efforts to reach a resolution, on January 3, 2018 DIUC sent out bills purportedly charging its customers at DIUC's unilaterally-imposed new rates, and credited its customers in a purported effort to satisfy the Commission's still-unestablished refund requirements. As set out above, because DIUC's actions preceded issuance of the Commission Order, they are premature, procedurally improper, and purport to implement rates in violation of various Commission statutes, rules, and regulations. Without waiving this position, the POA's preliminary review of DIUC's unlawfully-issued rates and credits reveal several clear mathematical errors that substantially favor DIUC, to the monetary detriment of DIUC's customers.

DIUC has taken this unlawful and ill-advised action at its own peril. Following issuance of the Commission Order, it will now be necessary for DIUC to true-up or otherwise correct: 1) the rate design and schedules produced thereby; 2) DIUC's collection of rates pursuant to these schedules; and 3) the credits provided pursuant to these schedules.

The POAs stand ready to continue to work cooperatively with ORS, the Commission, and DIUC as this process continues, but expressly preserve any positions they may take upon issuance of the Commission's Order in this Docket.

If you have any questions, please do not hesitate to contact me.

Sincerely,

s/John F. Beach

John F. Beach

JFB/lbb

cc: parties of record (via electronic mail service)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

RE:

Application of Daufuskie Island Utility
Company, Inc. for Approval for Water
and Sewer Rates, Terms and Conditions

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day the **Letter to Jocelyn Boyd** via
electronic mail service as follows:

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s/John F. Beach
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